

Company Registration No. 5390685 (England and Wales)

DRY LUBE LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007

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DRY LUBE LIMITED

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DRY LUBE LIMITED

INDEPENDENT AUDITORS' REPORT TO DRY LUBE LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Dry Lube Limited for the year ended 31 March 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Other information

On 16 November 2007 we reported, as auditors of Dry Lube Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 March 2007, and our audit report included the following paragraph:

"In forming our opinion we have considered the adequacy of the disclosure made in note 1.2 of the financial statements concerning the continuing support of the company's preference shareholders. In view of the significance of the matters outlined therein, we consider that it should be drawn to your attention but our opinion is not qualified in this respect."

Stephen Hay Associates (Audit) LLP
Stephen Hay & Associates (Audit) LLP

16 November 2007

Chartered Accountants
Registered Auditor

8 Albyn Place
Edinburgh
EH2 4NG

DRY LUBE LIMITED

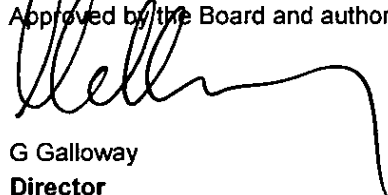
ABBREVIATED BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	2		55,042		97,412
Current assets					
Stocks		45,817		105,364	
Debtors		149,524		139,431	
Cash at bank and in hand		119,994		401,529	
		<u>315,335</u>		<u>646,324</u>	
Creditors: amounts falling due within one year	3	<u>(2,395,999)</u>		<u>(1,965,718)</u>	
Net current liabilities			<u>(2,080,664)</u>		<u>(1,319,394)</u>
Total assets less current liabilities			<u>(2,025,622)</u>		<u>(1,221,982)</u>
Creditors amounts falling due after more than one year			<u>(45,753)</u>		<u>(83,453)</u>
			<u>(2,071,375)</u>		<u>(1,305,435)</u>
Capital and reserves					
Called up share capital	4		15,000		15,000
Profit and loss account			<u>(2,086,375)</u>		<u>(1,320,435)</u>
Shareholders' funds			<u>(2,071,375)</u>		<u>(1,305,435)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board and authorised for issue on 13 Nov 2007



G Galloway
Director

DRY LUBE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Going concern

At the balance sheet date the company had net liabilities of £2,071,375 (2006 £1,305,435), of which £1,875,000 (2006 £1,500,000) related to preference shares classified as a current liability in accordance with the provisions of FRS 25 'Financial Instruments Disclosure and presentation'. The preference shareholders have agreed that the preference shares will not be redeemed within twelve months of the date of approval of the financial statements. Further funding of £375,000 was introduced after the year end to assist with the working capital requirements.

In the light of the company's forecasts, medium term plans and analysis of the prospective new markets the directors have reasonable expectation, with the continuing support of the preference shareholders, that the company will have adequate resources to continue operations for the foreseeable future.

For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.4 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.6 Goodwill

Purchased goodwill was capitalised at cost and written off fully in the year of acquisition.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	30% straight line
Office equipment	25% to 32% straight line
Motor vehicles	25% to 39% straight line

DRY LUBE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting policies

(continued)

1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Financial instruments

Financial instruments issued by the company are classified on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. The equity element of these instruments are included under share capital in the balance sheet. Any instruments classified as financial liabilities are included in creditors.

Dividends paid or payable on instruments classified as financial liabilities are charged to the profit and loss account as an expense. Dividends paid on equity instruments are treated as an appropriation of profit.

DRY LUBE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

2 Fixed assets

	Tangible assets £
Cost	
At 1 April 2006	131,749
Additions	4,072
Disposals	(24,295)
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At 31 March 2007	111,526
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Depreciation	
At 1 April 2006	34,337
On disposals	(15,713)
Charge for the period	37,860
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At 31 March 2007	56,484
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Net book value	
At 31 March 2007	55,042
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At 31 March 2006	97,412
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3 Creditors amounts falling due within one year

The aggregate amount of creditors for which security has been given amounted to £34,582 (2006 - £46,143)

During the period the company issued 1.5m convertible cumulative redeemable preference shares of 1p each for a consideration of £1.5m. The preference shares are redeemable at £1 per share at the option of the preferred shareholders. Redemption can take place at the earliest of the following dates: (1) 11 September 2008, (2) the time at which the Board becomes aware of the happening of an Exit Event, or (3) the failure of the company to achieve one or more of the agreed Performance Milestones.

The preference shares may be converted to ordinary shares at any time by the shareholders, and will automatically convert upon future listing of the company. The conversion rate is one ordinary share for one preference share.

The preferred dividend is cumulative and equal to 6% per annum of the investor subscription price. The preference shareholders have, however, waived all rights to the accrued dividend to 31 March 2006.

As a result of the contractual obligations regarding the shares, the preference shares have been classified as a financial liability and are included in creditors above.

DRY LUBE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

4	Share capital	2007	2006
		£	£
	Authorised		
	30,000,000 Ordinary shares of 1p each	300,000	50,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	1,500,000 Ordinary shares of 1p each	15,000	15,000
		<u> </u>	<u> </u>